

South Carolina  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Post Office Box 8206  
Columbia, South Carolina 29202-8206  
[www.scdhhs.gov](http://www.scdhhs.gov)

August 25, 2011

PHYS	OMP
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## MEDICAID BULLETIN

**TO: Providers Indicated**

**SUBJECT: National Correct Coding Initiative**

Effective September 27, 2011, the South Carolina Department of Health and Human Services (SCDHHS) will implement the National Correct Coding Initiative (NCCI) on a prepayment basis for claims with a date of service on or after October 1, 2010. This is in accordance with Section 6507 of the Patient Protection and Affordable Care Act of 2010 (P.L. 111-148), as amended by the Health Care and Education Recovery Act of 2010 (P.L. 111-152), together referred to as the Affordable Care Act (ACA).

The Centers for Medicare and Medicaid Services (CMS) developed the NCCI to promote national correct coding methodologies and to control improper coding leading to inappropriate payment. CMS developed its coding policies based on coding conventions defined in the American Medical Association's Current Procedural Terminology (CPT) manual; national and local policies; coding guidelines developed by national societies; analysis of standard medical and surgical practices; and a review of current coding practices.

The purpose of the NCCI edits is to prevent improper payment when incorrect code combinations or units of service are reported exceeding what is normally considered to be medically necessary. NCCI edits identify procedures/services performed by the same provider for the same beneficiary on the same date of service.

NCCI consist of two types of edits:

- 1) NCCI Procedure to Procedure (PTP) Edits: These edits define pairs of Healthcare Common Coding Procedure Coding System (HCPCS)/CPT codes that should not be reported together for a variety of reasons. These edits consist of a column one code and a column two code. If both codes are reported, the column one code is eligible for payment and the column two code is denied. In some instances an appropriate modifier may be added to one or both codes of an edit pair to make the code combination eligible for payment.
- 2) Medically Unlikely Edits (MUEs): These edits define for each HCPCS/CPT code the number of units of service that is unlikely to be correct. The units of service that exceed what is considered medically necessary will be denied.

It is important to understand that the NCCI does not include all possible combinations of correct coding edits or types of unbundling that exist. Providers are obligated to code correctly even if edits do not exist to prevent the use of an inappropriate code combination.

SCDHHS contracted with Health Management Systems Inc. (HMS) to perform NCCI edits for services filed on a CMS-1500/837P. HMS will also perform NCCI edits for outpatient services reimbursed on a procedure code basis on the UB-04/837I, when the Outpatient Reimbursement Type is 4-Treatment/Therapy/Testing. HMS will utilize the NCCI edits provided by CMS for Medicaid programs.

CMS updates these edits on a quarterly basis. The following link can be used to access correct coding guidelines and the CMS NCCI edits for Medicaid:  
<https://www.cms.gov/MedicaidNCCICoding/>

Providers will continue to bill in the customary manner to SC Medicaid. Likewise, SCDHHS will continue to reimburse providers and generate remittance advices and 835 HIPAA transactions. SCDHHS will work closely with HMS to ensure claims are processed in a timely manner.

The following edits will be assigned for NCCI:

Edit 591 – NCCI - Procedure Code Combination Not Allowed  
Edit 605- NCCI- Units of Service Exceed Limit  
Informational Edit 592 – NCCI - Adjust Column 2/Pay Column 1 Procedure

If informational edit 592 is assigned, the column 2 claim generating the NCCI edit will be voided and the column 1 claim with the allowed procedure will be paid. This means that claims will be voided, that were previously paid, for dates of service on or after October 1, 2010, without regard to the original payment date. Once the claim is voided, services which were not impacted by NCCI edits may be re-filed to SCDHHS.

Services denied based on NCCI code pair edits or MUEs may not be billed to the patient.

Providers can access frequently asked questions regarding NCCI at the following link:  
<http://www.scdhhs.gov/internet/PDF/NCCI%20FAQ.pdf>

NCCI training is being offered by HMS prior to implementation. Details will be announced in a separate provider notice. Providers are encouraged to attend this training to gain additional information regarding this important initiative. HMS will also offer continuing education regarding NCCI edits following implementation.

Please contact your program manager if you have questions regarding this bulletin. Thank you for your continued support and participation in the South Carolina *Healthy Connections* Medicaid Program.

/S/  
Anthony E. Keck  
Director